

IN THE MATTER OF THE FACT-FINDING BETWEEN

CITY OF INDEPENDENCE, IOWA, :  
 : CEO #860  
Employer, : Sector 2  
 :  
and :  
 : FACT-FINDER'S REPORT  
CHAUFFEURS, TEAMSTERS & :  
HELPERS, LOCAL 238 :  
(PUBLIC WORKS UNIT) :  
 :  
Union. :

APPEARANCES

For the Union: Jill Hartley, Attorney  
Jim Tuecke, Business Agent

For the City: Alan Johnson, City Manager  
Debra Lynn, City Clerk/Treasurer

BACKGROUND

The fact-finding hearing in this matter was held on March 16, 2004, at the Independence City Hall, pursuant to an impasse agreement, a copy of which is attached hereto and marked as Exhibit "A". Opening remarks and the receipt of evidence commenced at approximately 10:00 A.M. The Employer was represented by Alan Johnson, City Manager, and presented one, multi-paged exhibit, which was explained in detail by Mr. Johnson and Debra Lynn, City Clerk/Treasurer. The Union was represented by Jill Hartley, Attorney, and presented exhibits numbered 1-21, which Ms. Hartley and Jim Tuecke explained in more detail. The exhibits of both

parties were received into evidence. The respective position of the parties on the impasse items were well presented and argued. A copy of the Union's proposals is attached hereto and marked as Exhibit "B", and a copy of the Employer's proposals is attached hereto and marked as Exhibit "C". The receipt of evidence was concluded at 11:10 A.M.

### ISSUES

There are two items at impasse in this matter. They are:

1. Wages. (What the increase, if any, in wages for the 2004-2005 contract year should be.)
2. Insurance. (Whether or not employees in the bargaining unit should contribute to the cost of dependent/family coverage under the Employer's health insurance plan during the 2004-2005 contact year.)

In Summary, the Union proposes no increase in the wages of employees in the bargaining unit and links that freeze to no change in the health insurance benefit and no contribution by employees toward the cost of that benefit. The Employer proposes a \$.50 per hour increase in wages for each employee in the bargaining unit and further proposes no change in the health insurance plan or benefit, but proposes employees electing family coverage pay 12½% of the difference between the cost of single coverage and the cost of

family coverage during the 2004-2005 contract year.<sup>1</sup>

As the undersigned has noted in other reports, while Chapter 20 of the Code of Iowa does not specify what criteria fact-finders are to consider in making recommendations, it is common practice to consider the criteria specified in Section 20.22(9) of the Code for Arbitrators to consider. The undersigned will make reference to those criteria where applicable, in the undersigned's judgment, in the following discussion.

#### **HEALTH INSURANCE - FINDINGS**

The bargaining-history evidence received at the hearing in this matter reflects the parties have never before been to fact-finding or arbitration and have resolved all prior contracts voluntarily. The health insurance benefit for the members of the bargaining unit and for their dependents has been fully paid by the Employer for at least the last 20 years. See Union testimony.

For external comparisons on the health-insurance item and the wage item, the Union chose the public-works contracts of the following five cites:<sup>2</sup>

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<sup>1</sup>Currently all employees in the bargaining unit select family coverage. The Employer's proposal would have it continue to pay the full cost of single coverage under its health insurance plan. See Employer Exhibit and statements at the hearing in this matter.

<sup>2</sup>The year 2000 population of Independence was 6014. See Union Exhibit 4. The City of Postville bargaining unit includes police department employees. See Union Exhibit 20. The City of Mount Vernon bargaining unit includes City Hall office employees. See Union Exhibit 18.

<u>City</u>	<u>Year 2000 Population</u>
Hiawatha	6,480
Mount Vernon	3,390
Oelwein	6,692
Postville	2,273
Waukon	4,131

See Union Exhibits 6, 8, 10, 12 & 14.

All of the foregoing cities are located in the Eastern one-half of Iowa, as is Independence, and their public-works employees are all represented by Chauffeurs, Teamsters and Helpers, Local 238. Although the population of Postville and Mount Vernon are obviously much smaller than that of Independence, the relative geographical proximity and common representation of the five bargaining units, on the whole, make those units and their contracts generally appropriate for comparison.

On the health-insurance impasse item, the Employer offered a survey of 30 other cities from across the State of Iowa. All of the cities in the Employer's group have populations similar to that of Independence. However, the Employer was unable to say in how many of those cities the employee health insurance benefit is the product of collective bargaining. Thus, but for Hiawatha and Oelwein which were used in this matter on the health-insurance item by the Employer as well as the Union, the weight one can give the Employer's comparison evidence is problematic, in that some or all of benefits, plans and employee contributions to the cost thereof in the 28 other cities may be the result of unilateral choice by

the employers.

Among the Union's comparables, the undersigned finds three of the five cities have contracts requiring employee contributions to the cost of family, health insurance coverage. Those comparables and the employee-contribution amounts/rates for the 2004-2005 contract year are:

<u>City</u>	<u>Employee Contribution</u>
Hiawatha	10% of any increase in premium over the amount paid by the Employer as of 6/30/02.
Oelwein	\$20.00 per month.
Waukon	Cost of dependent coverage less \$95.00 paid by the City each bi-weekly payroll period. <sup>3</sup>

See Union Exhibits 17, 19 & 21.

For the 2004-2005 contract year, the City of Postville will pay the entire premium for its employees having dependent, health insurance coverage. However, the deductible employees will be subject to paying under that plan for such coverage will be \$540.00.<sup>4</sup> See Union Exhibit 20. Currently, the City of Mount Vernon also pays the entire premium for dependent health insurance,

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<sup>3</sup>The Union's representatives could not provide the cost of such insurance but stated the employees in the unit pay a part of that cost.

<sup>4</sup>The deductible Independence employees would be subject to paying, under the Employer's proposal, during the 2004-2005 contract year will be \$100.00. See Employer proposal and exhibit.

but whether that will continue is unknown, for the parties to that contract, as of the hearing date in this matter, were also at impasse and proceeding to fact-finding. See Union Exhibit 18 and Union testimony.

From the Employer's Exhibit, the undersigned finds the following is the current annual cost of dependant health insurance for each employee in the Oelwein public works bargaining unit:

Monthly cost:	1,136.92
Less employee monthly contribution:	20.00
Net monthly cost to City:	<u>1,116.92</u> X 12
Annual cost to City:	<u>\$13,403.04</u>

The current annual cost for each employee in the Independence public works unit for family coverage is \$10,392.81.<sup>5</sup> See Employer's Exhibit.

While the undersigned did not understand the Employer to be presenting a case in this matter that it would be unable to pay the entire cost of dependent health insurance for the bargaining unit during the 2004-2005 contract year, it is clear the Employer is concerned about the cost of the benefit and the impact it has on the taxpayers. During the period of time between FY1993 and FY2004,

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<sup>5</sup>This figure is based upon the Employer's costs through the first eight months of the current contract year. The undersigned notes the current out-of-pocket maximum for employees of the City of Oelwein is the same as that for employees of the City of Independence. See Employer Exhibit.

the Employer has attempted to control the cost of health insurance by purchasing health insurance with higher deductibles and out-of-pocket maximums and then paying the difference between those plan deductibles and out-of-pocket maximums and deductibles of \$100.00 and out-of-pocket maximums of \$500.00, which employees actually pay. This approach is referred to by the Employer as "self-funding". Over the period of time from FY93 to the present, the total, annual cost to the Employer of family coverage, per employee in the bargaining unit, has been as follows:

<u>Fiscal Year</u>	<u>Cost (Including Self-funding)</u>
1993	\$5,262.74
1994	5,729.85
1995	5,941.83
1996	5,985.25
1997	6,443.95
1998	6,378.88
1999	6,496.49
2000	6,838.42
2001	10,617.81
2002	9,488.51
2003	11,507.47
2004	10,392.81*

\*Projected based on 8 months experience.

In terms of an "other relevant factor," the undersigned finds the Employer's police bargaining-unit contract provides the members of that unit will have the entire cost of dependent health insurance coverage paid for by the Employer through June 30, 2005. See Union Testimony.

#### WAGES - FINDINGS

Very little was offered in this matter relating to bargaining

history on this item. However, the undersigned notes, under the current contract between the parties, wages in the bargaining unit were raised by \$.55 per hour, across the board, on July 1, 2002, and by the same amount per hour, across the board on July 1, 2003. See Union Exhibit No. 3.

Only the Union offered comparison evidence on this item. Four of the cities within the Union's group have settled on wage increases effective July 1, 2004, said increases being as follows:

<u>City</u>	<u>Per Hour Increase</u>
Hiawatha	Range of \$.39 to \$.45
Oelwein	\$.53
Postville	\$.58
Waukon	Range of \$.47 to \$.49

See Union Exhibits No. 17, 19, 20 & 21.

Currently, the Independence Labor Grade III classification is paid \$14.33 per hour.<sup>6</sup> See Union Exhibit 3. Currently the Oelwein Laborer Grade III classification is paid \$14.28 per hour. In Hiawatha, it would appear the comparable current hourly rate is \$14.65. See Union Exhibits 17 & 19.

#### DISCUSSION

The undersigned concludes it is reasonable for employees in the bargaining unit to contribute to the cost of dependent health care insurance. Bargaining history and the internal comparison with the police bargaining unit, as factors to be considered on the

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<sup>6</sup>This hourly rate is also the average within the bargaining unit. See Union testimony.



health-insurance impasse item, are, in the judgment of the undersigned, outweighed in this case by the fact that the Employers health insurance costs for this bargaining unit have almost doubled in the last eleven years and the fact that employers in three of the five bargaining units compared by the Union contribute something toward the cost of their dependent health insurance coverage. While it is apparent both parties in this matter perceive the cost of health insurance to be a significant problem, the undersigned is not persuaded by the approach of either party to resolving the issue. Freezing wages, as proposed by the Union, to offset costs of health insurance cannot continue indefinitely without affecting comparability on wages and the pension levels employees in the bargaining unit will receive upon retirement. This approach would seem to be short-term, leaving the question whether employees should pay part of the cost of health insurance to subsequent contract years.

The Employer's proposal with respect to dependent health insurance is also problematic. As long as there is a self-funding component to the insurance plan, the annual cost will be determined by the claim experience during the year. It is difficult for the undersigned to see how the Employer will determine the amount to be paid by employees, using the percentage approach it has proposed, when it does not know its actual cost until the end of the year. Additionally, unless quotes as to the premiums can be obtained

during contract negotiations each year, it may be difficult for the Union to advise employees voting on tentative agreements of the amount they can anticipate paying toward the cost of dependent health insurance. A fixed-dollar amount to be paid by employees each month would address both of the foregoing concerns.

What fixed-dollar amount would be comparable and, therefore, reasonable in this matter is somewhat difficult to determine. While the undersigned has the information as to what Oelwein public works employees pay, the dollar amount paid by such employees of the City of Hiawatha and the City of Waukon was not provided to the undersigned. In addition to the fact that it is unknown how many of the thirty cities in the Employer's group have bargained the health insurance benefit under Chapter 20 of the Code, the data provided in the Employer's survey does not include any information as to wages paid to the employees in that survey. An informed decision regarding health insurance cannot be made in the absence of information on the wages paid to such employees. Put simply, a dollar spent on wages is a dollar not available to be spent on insurance.

Given the evidence at hand, the undersigned is of the opinion that a \$20.00 per month contribution by bargaining-unit employees to the cost of dependent health insurance would be reasonable. It is comparable to the amount paid by public-works employees of the City of Oelwein. Those employees appear to currently be paid wages

comparable to those paid to employees in bargaining unit at impasse in this matter. The current cost of dependent health insurance to the City of Oelwein for its public-works unit appears to be greater than that currently paid by the Employer for such insurance in this matter.<sup>7</sup>

In regard to the matter of the 2004-2005 wage increase for the bargaining unit, it is apparent to this fact-finder the Employer's proposal of \$.50 per hour increase across-the-board is within the range of wage increases settled upon by the cities and the bargaining units in the Union's group of comparables. A \$.50 per hour increase would also appear to be consistent with the increase the parties to this impasse negotiate for the 2002-2003 contract year and the 2003-2004 contract year.

### **RECOMMENDATIONS**

#### **Health Insurance:**

The undersigned recommends, effective July 1, 2004, the City of Independence, Iowa continue to maintain the health insurance benefits under the City's current health insurance plan. The undersigned further recommends employees in the bargaining unit wishing to have dependent/family coverage pay \$20.00 per month

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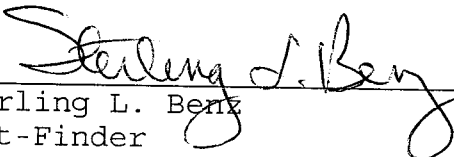
<sup>7</sup>Further, although what Postville employees, will have their family health insurance paid for, the higher deductible they are subject to is also a consideration. Whether a dollar is spent for underlying coverage or whether it is spent on the deductible, the effect on an employee's pocket book is the same.

toward the cost of said coverage, effective July 1, 2004, with the City of Independence paying the balance.

Wages:

The undersigned recommends effective July 1, 2004, the hourly wage rate for each job classification in the bargaining unit be increased by \$.50 per hour.

Dated this 25<sup>th</sup> day of March, 2004.

  
\_\_\_\_\_  
Sterling L. Benz  
Fact-Finder

STIPULATION BETWEEN  
TEAMSTER LOCAL NO. 238  
AND

City of Independence

RE: WAIVER OF MARCH/APRIL 15 DEADLINE

The undersigned parties, as authorized representative of Teamster Local No. 238 and City of Independence stipulate and agree that they will mutually waive the March/April 15 deadline as would be required by Section 20.17, Code of Iowa, pursuant to PERB Case No. 3523 (1979) approving such a waiver. More specifically, in the event that the issues in the current impasse are not resolved prior to or as a consequence of the issuance of a fact-finding report and arbitration is thereafter requested by one of the parties neither party shall assert or interpose any objection to the scheduling of the arbitration proceedings, or the issuance of an arbitration award after March/April 15, 2004.

TEAMSTER LOCAL 238

By

Title

Date

[Signature]  
Business Agent

01-23-04

By

Title

Date

City of Independence  
[Signature]  
City Manager

23 Jan 04

cc: Public Employment Relations Board  
514 East Locust Street - Suite 202  
Des Moines, Iowa 50309

EXHIBIT A PAGE 1 OF 1



# CHAUFFEURS, TEAMSTERS AND HELPERS

Local Union No. 238

CEDAR RAPIDS, IOWA 52406

Affiliated With The  
International Brotherhood of Teamsters

**"HAVE IT DELIVERED BY A UNION DRIVER"**

□ Main Office - Cedar Rapids, IA 52406  
5000 J Street SW, P.O. Box 909  
PHONE 319/365-1461  
WATS (Iowa Only) 1-800-247-4007  
FAX # 319/366-3917

Ron D. Hunt  
Secretary-Treasurer  
Business Representative

□ Branch Office - Waterloo, IA 50703  
1696 Burton Avenue  
PHONE 319/235-6200  
WATS (Iowa Only) 1-888-236-6209

□ Branch Office - Burlington, IA  
16452 Hwy. 34, West Burlington 52655  
PHONE 319/752-2723  
WATS (Iowa Only) 1-888-752-2723

Alan Johnson  
City Administrator  
331 First Street East  
Independence, IA 50644-2814

Dear Alan:

The following is the union's final proposal, before the fact-finding hearing scheduled for the 03-16-04. If you should have any questions or concerns please feel free to give me a call. Thanks for your cooperation.

The union proposal is to freeze wages, and leave the insurance at the current status for one year.

Sincerely,

  
Jim Tuecke  
Business Representative

EXHIBIT B PAGE 1 OF 1

"UNITED TO PROTECT - NOT COMBINED TO INJURE"



Frank R. Brimmer, Mayor  
(319) 334-3713

Alan D. Johnson, City Manager  
(319) 334-2780

Debra A. Lynn, City Clerk/Treasurer  
(319) 334-2780

Sarah Dooley-Rothman, City Attorney  
(319) 334-2590

# *City of Independence*

331 First Street East  
**INDEPENDENCE, IA 50644-2814**  
(319) 334-2780  
FAX: (319) 334-2037

*"AMERICA'S FAME IS IN OUR NAME"*

## COUNCIL MEMBERS

Cheryl Hand, at Large  
Paul Paisley, at Large  
Jeanne Hermesen, 1st Ward  
Dolores Shannon, 2nd Ward  
Richard Engen, 3rd Ward  
Julie Wulfekuhle, 4th Ward  
Greg Bressler, 5th Ward

March 10, 2004

Mr. Jim Tuecke  
Business Representative  
Chauffeurs, Teamsters and Helpers  
Local Union 238  
1695 Burton Avenue  
Waterloo, Iowa 50703

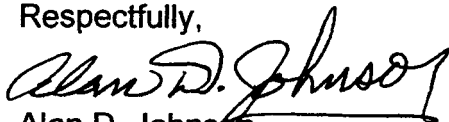
Dear Jim:

The following is the City of Independence final proposal, before the fact-finding hearing scheduled for March 16, 2004 here at City Hall. If you should have any questions, please do not hesitate to contact me.

The City proposal is .50¢ per hour increase in wages and employee participation of 12½ % of the family health insurance premium per month with the City selecting the policy and coverage levels. Contract period is to be one (1) year.

**Explanation:** The City does not feel that it is fair or equitable for the citizens and tax payers of this community to be held to the insurance coverage level of 1986, especially without any participation level from the employee.

Respectfully,



Alan D. Johnson  
City Manager

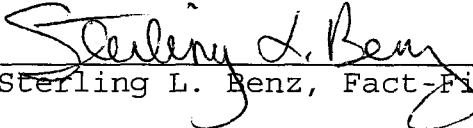
CERTIFICATE OF SERVICE

I certify that on the 25<sup>th</sup> day of March, 2004, I served the foregoing Report of Fact-Finder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Alan Johnson  
331 1<sup>st</sup> Avenue E.  
Independence, IA 50644

Jill M. Hartley  
Attorney At Law  
1555 North River Center Drive, Suite 202  
Milwaukee, WI 53212

I further certify that on the 25<sup>th</sup> day of March, 2004, I will submit this Report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

  
Sterling L. Benz, Fact-Finder